The SaaS Licensing Dilemma:
Deciding Between Cost and Benefits

At a Glance:

Not all SaaS licensing programs help your business. Learn how the Plex Manufacturing Cloud licensing model paves the way for your success.

- Unlimited seats: control your costs with the Plex Manufacturing Cloud.

- Faster audits: get back to what matters most – your business.

- Predictability: plan for the future of your business in the cloud.

PLEX.COM | 855.534.8012

White Paper

PLEX
THE MANUFACTURING CLOUD

There's a disconnect in the way most software companies, even cloud-based SaaS (Software-as-a-Service) companies, license their systems. And it's all about the concept of 'seats' or user licenses. Software is typically priced by the 'seat' or user. Licensing can be for specific named users, or it can be a limit on the number of simultaneous users at any given time.
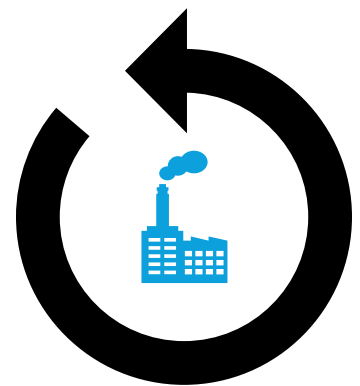
Software, especially ERP software, provides the most benefits when more parts of the business (and more people) are participating – entering and using the information. Companies are encouraged by the pricing model, however, to limit the number of licenses purchased in order to keep system costs down to a reasonable and justifiable level. By limiting the number of participants, they are limiting the benefits that come back to the company for their system investment.

When a company is looking for a new system and collecting proposals from potential suppliers, the suppliers will configure a solution with only enough licenses to keep the total cost within the customer's budget, or to meet or beat the competition's bid regardless of how many seats are really needed. If they can't meet the price point, they won't make the sale. Customers usually realize that they are under-sizing the licensing but they have to live within their budget, too. Both parties might hope that they can expand the system with more seats after the initial implementation is complete, but that doesn't always happen – and since the ROI is constrained by the lack of participation, the possibility of additional investment is even less likely.

Another Approach

Recognizing the inconsistencies and disincentives in the traditional licensing model, Plex has developed a new approach to licensing with a motto of "the more the merrier". The Plex Manufacturing Cloud is licensed for the site, at a set price based on the size of the business, with unlimited sign-ons (seats, licenses) allowed and more users actually encouraged. Plex user companies are able to provide sign-on authority to anyone in the organization who can benefit from access, including partners like suppliers and distributors, at no additional cost.

What company, in a traditional licensed system, would opt to buy a seat for a stockroom clerk or material handler who may only enter a

White Paper

few transactions or perform a look-up or two per day? It's more likely that they would buy one seat for the department and have multiple people share it. This is not only inconvenient for those users, but it also discourages system use and causes delays and inconvenience. It also eliminates any chance at complete traceability as to who performs individual transactions (all use the same sign-on so the system doesn't know who actually made the entry). You can easily see how unrestricted licensing can make the system data more accurate and complete, making the entire system useful and productive.

License Accounting

Seat-oriented licensing is an important part of a company's system costs and a serious concern for suppliers, so much so that many companies have, and may be required to have, special software installed to monitor license usage and prevent more simultaneous sign-ons than allowed by the license. This additional overhead and the auditing required for maintaining licensing integrity adds no value to the organization while adding costs and an additional burden on IT and accounting staffs. With site licensing, this accounting is completely unnecessary. Companies are free to add users as they see fit, without having to account for (and pay more for) additional users who may not use the system often but may contribute greatly to the objective of having a comprehensive and detailed view of the business and all of its activities.

Auditability

With open access, and every user clearly identified through his or her individually assigned user ID, there is a complete audit trail maintained within the system. Any errors or questions can be easily traced back to the source and remedial steps taken. Regulatory or strategic requirements for traceability and auditability are satisfied with less effort and cost. For one Plex user, quality system audits used to involve three or four people spending two to three days going through documents and transaction screens to satisfy the auditors that the system was adequately tracking activities and data requirements. With Plex, the audit can now be completed by one person in less than one day.

PLEX.COM | 855.534.8012

Predictability

The Plex Manufacturing Cloud user companies need not fear the monthly bill from their SaaS ERP provider. Those fees are locked in and will not fluctuate because of additional users, additional applications engaged, or any other unexpected usage charge. Predicable site licenses put the power of the Plex Manufacturing Cloud in the hands of every employee, every partner, every PLC/machine, and every barcode scanner or RFID receiver. Your ERP system needs data from every part of the business, and its information can pass down benefits throughout the organization and its supply chain. Site licensing does not erect any barriers or concerns that might discourage full participation and benefits.

PLEX.COM | 855.534.8012

About Plex

Plex is the Manufacturing Cloud, delivering industry-leading ERP and manufacturing automation to hundreds of companies across industries including aerospace and defense, food and beverage and motor vehicles. Plex pioneered cloud solutions for the plant floor, connecting suppliers, machines, people, systems and customers with capabilities that are easy to configure, deliver continuous innovation, and reduce IT costs. With insight that starts on the production line, Plex helps companies see and understand every aspect of their business ecosystem, enabling them to lead in an ever-changing market.